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GENERAL

1. Chinese Communist intentions at the UN--Indian Ambassador Panikkar in Peiping has informed his government that the Chinese Communist Government is anxious to secure a peaceful settlement of the Korean issue, but only on the condition that Communist China participates in such a settlement. Panikkar adds that the impression in Peiping is that the Chinese Communist representatives due soon at the UN will be agreeable to settling the Korean question through discussions outside the Security Council. Panikkar believes the Chinese representatives may also be willing to discuss informally with representatives of the US and other powers issues of a general character. In passing this report to US Ambassador Henderson in New Delhi, Secretary General Bajpai of the Indian Ministry of External Affairs said he was withholding comment because he had lost confidence in Panikkar. Bajpai explained that he did not want to give the impression that the Indian Government was trying to bring pressure on the US to come to an understanding with Peiping.

According to the US delegation to the UN, the Swedish representative to Moscow (now visiting New York) is inclined to think that the Chinese military moves were of a flexible nature, designed for probing and for limited purposes generally. The Swedish representative feels the Kremlin is not now prepared to allow present activities to develop into a general war.

2. Communist China's intentions in North Korea--The Swedish Ambassador in Peiping has informed his government that:
(a) the Chinese Communist movements toward Korea are on a large scale; and (b) Peiping publicity points to fear and alarm

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concerning possible invasion. The Swedish Ambassador expressed the opinion that the lull in the Korean fighting is due partly to the strength of UN forces, but mainly to Chinese Communist feeling that power plants and reservoirs are reasonably protected.

The Netherlands Charge in Peiping has expressed the opinion that Chinese Communist intervention in Korea was motivated chiefly by fear of US aggression, especially against Manchuria, and that the long-term aim of the Peiping regime is to establish a "really independent" Korean state which would not be a threat to China. The Charge feels that the short-term aim of Communist China is to protect the frontier by the creation of a border zone free of UN troops, and he believes the Chinese actually wish to avoid hostilities with UN troops provided UN forces remain outside a 50-mile zone south of the Manchurian border.

The Burmese Embassy in Peiping has expressed the view that the Chinese Communists are ready to go "to any length" to aid the North Koreans and that they are fostering mass hysteria based on alleged US intentions to invade Manchuria. The Burmese Ambassador believes the Peiping regime is convinced that: (a) the fighting in Korea will spread to Manchuria and that the USSR will aid the Chinese Communists if Manchuria is invaded; (b) the Soviet Air Force is superior to the USAF and the US cannot spare additional ground forces for Korea; and (c) a "US-dominated" Korea will constitute a threat to China.

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(CIA Comment: Except for the Indian Ambassador, the diplomatic community in Peiping has extremely limited contacts with Communist officials. These reports, except for troop movements and similar activities, represent personal opinions. CIA believes the Chinese Communist regime is primarily concerned with possible UN retaliatory action rather than an unprovoked US military attack. Moreover, Peiping has not yet committed itself to go "to any length" to salvage the Korean Communist regime, and maximum Chinese Communist intervention may not be necessary to achieve Peiping's objectives in Korea. CIA is convinced that, for the immediate future, Chinese Communist operations in Korea will probably continue to be defensive in nature. However, Peiping's present strategy in Korea may envisage the steady replacement of North Korean losses until the UN no longer regards the unification of all Korea as practicable.) 25X1

3. Chinese advance toward Tibet reportedly halted--US Embassy New Delhi reports that the Indian representative in Lhasa has informed his government that the Tibetans maintain the Chinese Communists have made no appreciable progress towards Lhasa "for some time" and appear to have halted at no great distance from Chamdo, in the center of Sikang Province. The Indian representative added that although he had no reason to doubt "this Tibetan story," he had nothing but Tibetan word to confirm it, and concluded his report with the observation that Lhasa was quiet and panic had subsided.

EUROPE

4. AUSTRIA: USSR may back down in police case--According to US High Commissioner Donnelly in Vienna, the Soviet position in the Allied Council discussion of the case of the suspended

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Austrian police chiefs created the general impression that the USSR will hesitate to react further if the Austrian Government has sufficient courage to continue its present course. Donnelly reports that the Western Power elements in the Allied Council tentatively agreed that one of the Western High Commissioners will endeavor to see Soviet High Commissioner Sviridov before the Council meeting of 8 December to point out to him the unfavorable repercussions of Soviet interference with the Austrian police upon the quadripartite arrangements, the Austrian internal situation, and the USSR itself. Meanwhile, comments Donnelly, the Austrians intend to continue protesting any and all Soviet attempts to take over the legitimate authority of the Austrian Government.

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FAR EAST

5. **BURMA:** Possibility of coup d'etat--US Embassy Rangoon has learned [] that a Burmese Army officer claiming to be an emissary of the Burmese Commander-in-chief, General Ne Win, recently approached a Burmese elder statesman for an opinion as to UK and US reactions in the event that General Ne Win seized power by a coup d'etat. []

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The Embassy comments that although there is no other intelligence pointing to a coup attempt, the current consolidation of Burma's armed forces, ostensibly for anti-insurgent operations in early January, would provide General Ne Win with both cover and opportunity for such a move.

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